



Flows

Water Infrastructure Finance Authority of Arizona Quarterly Newsletter

Clean Water Threatened
by Cuts, Disparity (see Page 2-3)

Cash

April 2005

Volume 6, Number 2

Janet Napolitano
Governor

WIFA Emergency Funding Authorization Bill Becomes Law

Governor Janet Napolitano signed into law April 11 emergency funding authorization legislation that allows the Water Infrastructure Finance Authority (WIFA) of Arizona to enter into short-term emergency loan agreements with political subdivisions or tribes.

"It is extremely important to provide funding quickly to communities during emergency situations," said WIFA Chairman Steve Owens, who is also Director of the Arizona Department of Environmental Quality. "This legislation will allow WIFA to assist communities in a time of need."

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April 8, 2005

Globe Mayor Stanley Gibson introduces Governor Janet Napolitano at a WIFA check signing presentation. WIFA presented Globe with a \$5 million check for the town's 35-year capital improvements project. The low-interest WIFA loan will save Globe's rate/tax payers \$1.4 million over typical market rates.

WIFA *Cash Flows*
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*"Arizona's water and
wastewater funding
source"*

PROJECT UPDATE

WIFA Loan Aids Somerton In Completing Wastewater Master Plan

The 100-year-old City of Somerton, previously without a wastewater master plan, now has a planning mechanism in place that will be a vital tool in properly managing growth.

Somerton, population 8,850, has a wastewater collection system consisting of a gravity sewer along with seven lift stations which discharge into pressurized forcemains and combine into the headworks of the 50-year old Wastewater Treatment Facility. This facility is currently being replaced with an entirely new facility.

The area wastewater master plan, completed by the City with the aid of Stantec Consulting Inc., includes a

computer model using geographic information system (GIS) technologies, an assessment of the existing system, a conceptual design for sewage lift stations, a list of required system improvements, and a final report documenting the Wastewater Master Plan.

Computer Model - The City purchased the latest release of MWH Soft H2OMAP Sewer, which is a stand-alone GIS-based computer program. This program will contain as-built records of the wastewater system as well as existing and future land use plans. The City recently hired a company to video record older sections of the collection system using grant funds from the Water Infrastructure Finance Authority.

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All Dried Up: How Arizona's Clean Water is Threatened by Budget Cuts, Funding Disparity

Arizona is in the midst of a tough drought. The cost of growth due to an increasing population and the associated infrastructure are immense. Many communities cannot afford to plan or construct water infrastructure projects without the help of the low-interest loan programs offered by the Water Infrastructure Finance Authority of Arizona.

The growth is showing no signs of slowing down and middle of the road projections show Arizona's metropolitan population reaching 9 million by 2030; yet clean water funds face significant cuts.

"The cuts have a very serious negative impact on WIFA's ability to provide funding for critical water infrastructure projects in rural Arizona," said WIFA Chairman Steve Owens, who is also Director of the Arizona Department of Environmental Quality.

The federal clean water fund, administered by the Environmental Protection Agency (EPA) is divided among the 50 states, Washington DC and Puerto Rico. Each state receives its share of money from a formula based on population data and needs data from the 1970s. Congress originally intended that allocations to

states be based on population and documented needs. However, the allocation formula is based on the same allocation numbers that were first introduced.

A conservative estimate indicates

"The cuts have a very serious negative impact on WIFA's ability to provide funding for critical water infrastructure projects in rural Arizona."

**WIFA Chairman
Steve Owens**

that Arizona has lost over \$260 million in federal grants for the clean water loan program since 1989. In effect, Arizona tax payers subsidize infrastructure in other states and pay more for the same infrastructure within Arizona as a result of the funding disparity.

On top of Congressional cuts to the allocation, President George Bush unveiled his FY2006 budget in March which slashes Arizona's clean water grant by 33%. WIFA's capitalization grant will now shrink to \$4.9 million in 2006.

In 2005 alone, federal clean water allocations to Arizona decreased from \$8.94 million in 2004 to \$7.34 million in 2005.

If the funding disparity is not corrected, especially in comparison to documented needs, Arizona's CWSRF will be grossly under funded in perpetuity. The losers are Arizona citizens, who pay more for the same basic infrastructure or face a decrease in quality of life if the infrastructure is not affordable.

To look at the numbers in terms of projects and project costs, WIFA received 27 applications from communities for \$313 million in clean water projects in 2005. However, WIFA has only \$76 million to give to those communities.

Arizona Governor Janet Napolitano is fighting the funding cuts on behalf of WIFA. Earlier this year, she sent letters to members of the Arizona Congressional delegation asking them to protect Arizona clean water program from the budget cuts.

Note: Please read Arizona Governor Janet Napolitano's letter to Senator John Kyl on page 3 of WIFA's Cash Flows newsletter.

**Arizona's Clean Water Revolving Fund (CWRP)
Needs Based Allocation v. Actual Allocation**

Federal Fiscal Year	Federal CWRP Appropriation	\$ Allocation Based on Needs	Allocation Based on Fixed Need %	Total Loss to Arizona
1989 - 2005	\$23,489,343,550.88	\$422,862,483.21	\$159,198,422.40	\$263,664,060.81

WIFA Emergency Funding Authorization Bill Becomes Law Continued from Page 1

The purpose of the emergency funding loans is to provide assistance to communities for the design, redesign, engineering, reengineering, construction or reconstruction of drinking water or wastewater systems that have failed as the result of a disaster, a

natural disaster or catastrophic event such as flooding. The event must be declared an emergency by the governor or the Federal Emergency Management Agency (FEMA) in order for WIFA to authorize emergency funding.

"This legislation allows WIFA to provide communities with the most effective use of the state's water infrastructure funding resources in

times of an emergency," said WIFA Executive Director Jay Spector.

The emergency loans will be available for terms that are less than one year. Communities may be awarded up to \$250,000 in financial assistance from WIFA in an emergency.

To view the legislation, refer to Arizona Revised Statutes Title 49, Chapter 8, Article 2, section 49-1269.



STATE OF ARIZONA

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March 10, 2005

The Honorable Jon Kyl
730 Hart Senate Building
Washington, D.C. 20510
Sent via facsimile (202) 224-2207

Dear Senator Kyl:

The Water Infrastructure Finance Authority of Arizona (WIFA) provides low-interest loans to communities throughout the state to finance critical water infrastructure projects. These projects not only protect Arizona's precious water resources, they also help these communities grow and prosper.

The primary tool we use to help Arizona's cities, towns and tribes finance these important projects is being undercut, however. President Bush's FY2006 federal budget proposal cuts the Clean Water State Revolving Loan (CWSRF) by nearly 35% from last year's enacted level of \$1.09 billion. Arizona is the second fastest growing state in the nation and over the years has documented wastewater infrastructure needs nearing \$7 billion (inflation adjusted).

Under the President's proposal, the funding provided to states under the CWSRF is significantly reduced. Under the 2005 funding level, WIFA received a capitalization grant of \$7.4 million. Under the President's 2006 plan, WIFA would receive less than \$4.9 million.

The reductions in the CWSRF grants further highlight the need to change the allocation formula that provides the grants to the states. The present allocation, established in the early 1970s, favors the Northeast and Midwest at the expense of the remainder of the country, particularly the Southwest, even though the population of the U.S. continues to migrate south and west.

The current funding formula for the CWSRF forces Arizona to subsidize the infrastructure of other states while still trying to address the needs within our own. This short-sided funding cut will hinder our ability to finance much-needed water infrastructure projects in our state. I have been working with and appreciate the efforts of Senator Kyl to make the necessary changes to the allocation formula.

I ask your assistance in reversing the trend of budget cuts for the CWSRF as well as enacting changes to the CWSRF dollars. It is vital that adequate funding for the CWSRF is provided and the out-dated allocation formula be revised.

Yours very truly,

A handwritten signature in cursive script that reads "Janet Napolitano".

Janet Napolitano
Governor

WIFA Check Presentations

Governor Napolitano's Chief of Staff Dennis Burke and Chairman Steve Owens Present \$9.34 Million Check to Prescott Valley



March 22, 2005

Governor Janet Napolitano's Chief of Staff, Dennis Burke, and WIFA Chairman and ADEQ Director Steve Owens present Prescott Valley Mayor Harvey Skoog and the City Council with a \$9.34 million check. The Town of Prescott Valley received one of WIFAs low-interest loans for wastewater treatment plant upgrades.

Governor Napolitano and WIFA Director Jay Spector Present Tucson with \$2.99 Million Loan Check



January 18, 2005

Governor Janet Napolitano and WIFA Executive Director Jay Spector presented a \$2.99 WIFA loan to the city of Tucson to assist the city with a Reclaimed Water System Expansion Project. Above are Mayor Bob Walkup and several city council members.

Quarterly Loans Closed

Recent loan closings include:

CWRF Loans:

Camp Verde Sanitary District - \$600,000
Town of Prescott Valley, \$9,317,470
Town of Queen Creek - \$34,000,000
City of Tucson - \$2,977,000

DWRF Loans:

Globe - \$5,000,000

WIFA Loan Aids Somerton in Completing Master PPlan continued from Page 1

Current System Assessment -

The computer model evaluated the existing system gravity sewer lines, lift stations, and force mains and the design peak flow conditions of 100 gallons per capita per day.

Conceptual Design - Stantec completed a conceptual lift station design as a part of the study. The design is intended to serve as a reference in the design of new lift stations.

Required Improvements - Minor improvements are required in the existing system that will cost the City about \$570,000.

The Plan - Stantec recommended a long-term flow-monitoring program, staging of existing system upgrades, review of the overall condition of the sanitary system, use the computer model to plan and review proposed wastewater collection system points, and training staff to maintain and update the computer model.

WIFA Update

WIFA Receives Excellence Award

For the fourth consecutive year, WIFA employees opened their hearts by contributing to the 2004 State Employees Charitable Campaign (SECC). WIFA was recognized on March 9, 2005 for exceeding their goal in the Dollars Participation program sponsored by SECC. The dollars donated by WIFA staff will benefit charities that provide direct health and human services within our community to those most in need. SECC is a program of the Arizona Department of Administration.



WIFA's Angelica Martinez implemented the Dollars Participation program at WIFA.

2006 Technical Assistance Grants to Provide Communities with Clean Water Funds, Drinking Water Funds

Arizona communities submitted received 33 drinking water applications about \$360,000 in clean water almost 50 technical assistance (TA) and 15 clean water applications. revolving fund monies. applications to WIFA for drinking water Arizona communities asked for The Intended Use Plan (IUP) will be and clean water grant monies. WIFA about \$580,000 in drinking water available for public comment and grants assist communities with the revolving fund monies. Seven of those review May 9, 2005. The public pre-design and design phases of their projects are for arsenic related hearing is scheduled for May 13, 2005 water infrastructure projects. projects. at 1:00 pm. All public comment is due

For the 2006 funding cycle, WIFA Arizona communities asked for by the end of the May 13 meeting.

The Quarter Ahead

Date	Event
May 2-8	Public Service Precognition Week
May 9	Intended Use Plans and Priority Lists Become Available for Public Review
May 13	Public hearing for Project Technical Assistance Intended Use Plans and Priority Lists
June 2	WIFA Committee Meetings
June 15	WIFA Board Meeting
July 1	Technical Assistance Intended Use Plan and Priority List become effective

ABOUT THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

The Water Infrastructure Finance Authority of Arizona maintains and improves water quality in Arizona by providing communities and private water systems with access to low-interest financial assistance and technical assistance needed for basic water infrastructure. WIFA's funds are capitalized by contributions from the US Congress and the state of Arizona. As a leader in water infrastructure finance, WIFA has become a premier financial institution both in Arizona and nationally.